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Attorneys for Lehman Brothers Holdings Inc.
and Certain of its Affiliates

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:
	:
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i>,	:
	:
Debtors.	:
	:
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**Chapter 11 Case No.
08-13555 (JMP)
(Jointly Administered)**

**DECLARATION OF ALFREDO R. PÉREZ
IN SUPPORT OF ORDER TO SHOW CAUSE TO CONSIDER
LEHMAN BROTHERS HOLDINGS INC.'S MOTION PURSUANT TO
BANKRUPTCY RULE 9019 FOR APPROVAL OF SETTLEMENT AGREEMENT
REGARDING CLAIM OF FEDERAL NATIONAL MORTGAGE ASSOCIATION**

I, Alfredo R. Pérez, being fully sworn, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am an attorney admitted to practice before this Court and a partner of Weil, Gotshal & Manges LLP, attorneys for Lehman Brothers Holdings Inc. ("LBHI" and the "Plan Administrator"), as Plan Administrator under the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and Its Affiliated Debtors. Unless otherwise indicated, I have knowledge of the facts set forth herein from various employees of the Plan Administrator and from the Plan Administrator's professionals.

2. I submit this declaration in support of the Order to Show Cause (the “Order to Show Cause”) in connection with the Plan Administrator’s motion, dated January 23, 2014 (the “Motion”), pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, seeking approval of a settlement agreement regarding the Fannie Mae Claim,¹ all as more fully described in the Motion.

3. Pursuant to the Second Settlement Procedures Order, the Motion requires at least 10 business days’ notice. The Plan Administrator is requesting an order to shorten the notice period ordinarily required and setting January 29, 2014, as the date for the hearing on the Motion.

The Need for Shortened Notice with Respect to the Motion

4. The Plan Administrator is seeking approval of a Settlement Agreement among LBHI, Aurora, ALS and Fannie Mae. A fully executed copy of the Settlement Agreement is attached to the Motion as Exhibit A.

5. The Settlement Agreement will result in the following benefits to LBHI and its creditors:

- The Fannie Mae Claim, which is one of the largest remaining claims against LBHI, will be reduced from its asserted amount of approximately \$18.9 billion and allowed in the amount of \$2.15 billion in LBHI Class 7;
- Fannie Mae will provide the Plan Administrator with certain documents and information that will allow the Plan Administrator to pursue indemnity claims against various third parties for breaches of representations and warranties made to Lehman in connection Lehman’s pre-petition residential mortgage loan business;

¹ Capitalized terms used but not defined in this Declaration shall have the meanings ascribed to them in the Motion.

- The RPSA, the Transaction Agreements and any related agreements will be terminated; and
- Fannie Mae will release any other claims it may have against Aurora, ALS or the Debtors.

6. Expedited approval is necessary for two reasons. First, as set forth in the Motion, the Fannie Mae Claim is one of the largest remaining claims against LBHI and LBHI is currently holding substantial unsecured claim reserves on account of the Fannie Mae Claim. The reduction and allowance of the Fannie Mae claim will allow LBHI to make an incremental distribution of more than \$400 million in the fifth distribution. It would, therefore, be extremely helpful to the Plan Administrator to have certainty with respect to the approval of the Settlement Agreement as far in advance of the fifth distribution date as possible to facilitate the distribution process. Second, the Settlement Agreement provides for Fannie Mae to turn over certain information to the Plan Administrator which is expected to enable the Plan Administrator to pursue indemnification claims against the Mortgage Originators. The sooner the Plan Administrator is able to obtain this information, the more successful it is likely to be in obtaining recoveries from the Mortgage Originators. Cause, therefore, exists to shorten the notice period ordinarily required for the Motion.

7. Accordingly, the Plan Administrator requests that the Court enter the Order to Show Cause so that the Motion can be considered on **January 29, 2014 at 10:00 a.m. (Prevailing Eastern Time)**, with objections and responses, if any, to be received by **January 28, 2014 at 12:00 p.m. (Prevailing Eastern Time)**.

8. No previous request for the relief sought herein has been made by LBHI
or the Plan Administrator to this or any other court.

Dated: January 23, 2014
New York, New York

/s/ Alfredo R. Pérez
Alfredo R. Pérez

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